



**State of Vermont
Public Service Board**

MEMORANDUM

To: EEU E-mail Service List

From: Ann Bishop and Andrea McHugh, Board staff

Re: Next Steps for Consideration of Issues Associated with Cost-Effectiveness Screening of Heating and Process-Fuel Efficiency Measures

Date: May 14, 2009

On May 12, 2009, Public Service Board ("Board") staff held a workshop to discuss issues associated with the cost-effectiveness screening of heating and process-fuel efficiency measures. At that meeting, attendees discussed the issues identified by the Board and other parties. They agreed that the issues could be grouped into the following three categories:

- (1) technical – including issues associated with avoided costs, costing periods, and discount rates;
- (2) policy – including issues associated with risk adjustments and environmental externalities; and
- (3) overall framework – including issues associated with screening electricity and natural gas savings, project-level versus measure-level screening, and all other identified issues.

Workshop attendees agreed that it would be useful for the Board to conduct a workshop process, with opportunities to file written comments, to explore these issues. Participants agreed that it would be desirable for the Board to be able to resolve the issues discussed in this process by October 1, 2009, so that any changes to cost-effectiveness screening could be implemented by the Energy Efficiency Utility ("EEU") beginning January 1, 2010. With that in mind, workshop attendees agreed to the following next steps:

- By **June 5, 2009**, Vermont Energy Investment Corporation ("VEIC"), the City of Burlington Electric Department ("BED"), Vermont Gas Systems, Inc. ("VGS"), the state's weatherization agencies, and a representative of Vermont fuel dealers will file

information on how they currently perform cost-effectiveness screening.¹ They will also provide electronic copies of spreadsheet-based screening tools, and summaries of other screening tools, for posting on the Board's website.

- By **June 5, 2009**, participants will file initial comments on what costs and benefits should be included in determining the cost-effectiveness of heating and process-fuel efficiency measures or projects.
- The next workshop will be held from 9:30 a.m. to noon on **June 12, 2009**, in the Board's Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier, VT. At this meeting, VEIC, BED, VGS, the state's weatherization agencies, and a representative of Vermont fuel dealers will present information on how they currently perform cost-effectiveness screening. All participants will be able to ask questions of the presenters. Participants will also discuss what costs and benefits should be included in determining the cost-effectiveness of heating and process-fuel efficiency measures or projects.
- By **June 19, 2009**, participants will file initial comments on all other policy and overall framework issues.
- A workshop will be held from 9:30 a.m. to noon on **June 25, 2009**, in the Board's Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier, VT. At this meeting, participants will discuss policy and overall framework issues.
- A workshop will be held from 9:30 a.m. to noon on **July 9, 2009**, in the Board's Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier, VT. The topics for discussion at this meeting will be determined at the June 25 workshop.

Workshop attendees agreed that it would be useful to invite additional entities to participate in this process. VEIC and the DPS will identify and contact appropriate personnel at the state's Department of Buildings and General Services, and the state's Department of Education. The weatherization agencies will inform the Board of appropriate personnel at the state's Office of Economic Opportunity so that the Board may invite them to participate. Participants are welcome to invite other additional entities to participate in this process.

Prior to the May 12 workshop, the Board provided interested persons with an opportunity to file comments on the role of the EEU in this workshop process. No one filed comments on the EEU's role, and the issue was briefly discussed at the workshop. Since no workshop participant objected to Vermont Energy Investment Corporation ("VEIC"), the entity serving as the EEU, participating in this workshop process in the same manner as any other participant, Board staff announced that VEIC would be able to do so.

At the workshop, Board staff agreed to create a web page and an e-mail service list for this process. The web page is located at:

www.state.vt.us/psb/EEU/Cost-EffectivenessScreening/main.htm

¹All filings in this process should be circulated electronically to the EEU Screening e-mail service list. See below for additional information about this service list.

The EEU Screening e-mail service list is posted on the web page. Please note that all parties' filings and future Board memoranda related to this process will be sent only to this EEU Screening e-mail service list, not the more general EEU e-mail service list. If you would like to be added to the EEU Screening e-mail service list, please contact the Clerk of the Board at psb.clerk@state.vt.us.